



# **Kansas Health Care Reform Study KHPA Board Meeting**

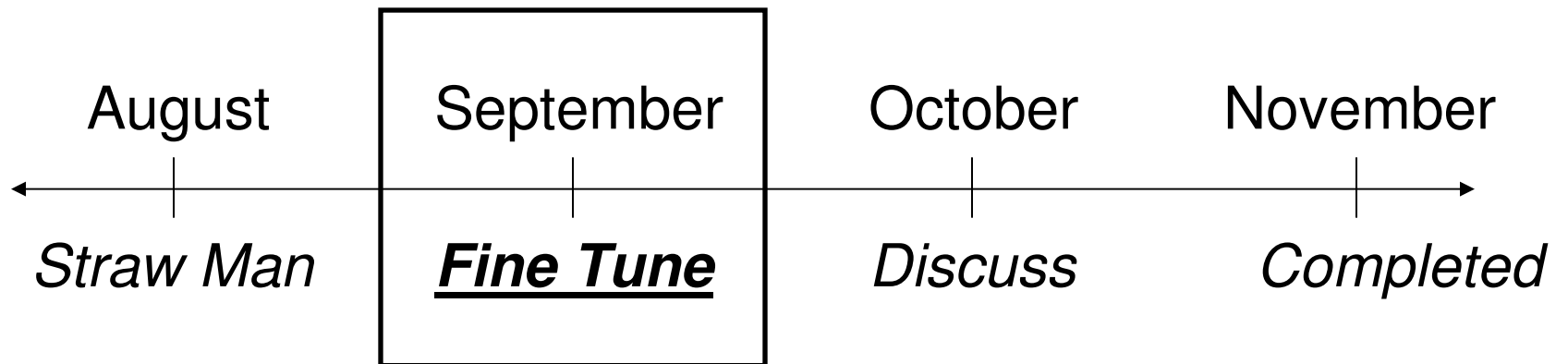
September 25, 2007

## Objectives for Today

- Context
- Describe Scenarios Being Modeled
  - Major Differentiator(s)
  - Key Assumptions
  - Understand Effects of Differentiators/Assumptions

## Context

- Project Timeline
- Model Evolution



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# Kansas Health Care Reform Study Objectives

## Kansas Health Care Reform Option Goals:

1. **Provide and protect affordable health insurance** for all Kansans in order to ensure appropriate access to health care;
2. **Pay for prevention and a primary care medical home** in order to improve health outcomes, coordinate care, and drive down health care costs;
3. **Promote personal responsibility** in order to embrace healthy behaviors and to contribute to the cost of health insurance, based on ability to pay.

We have been hired to help with #1 by developing a model which presents options to providing affordable health insurance.

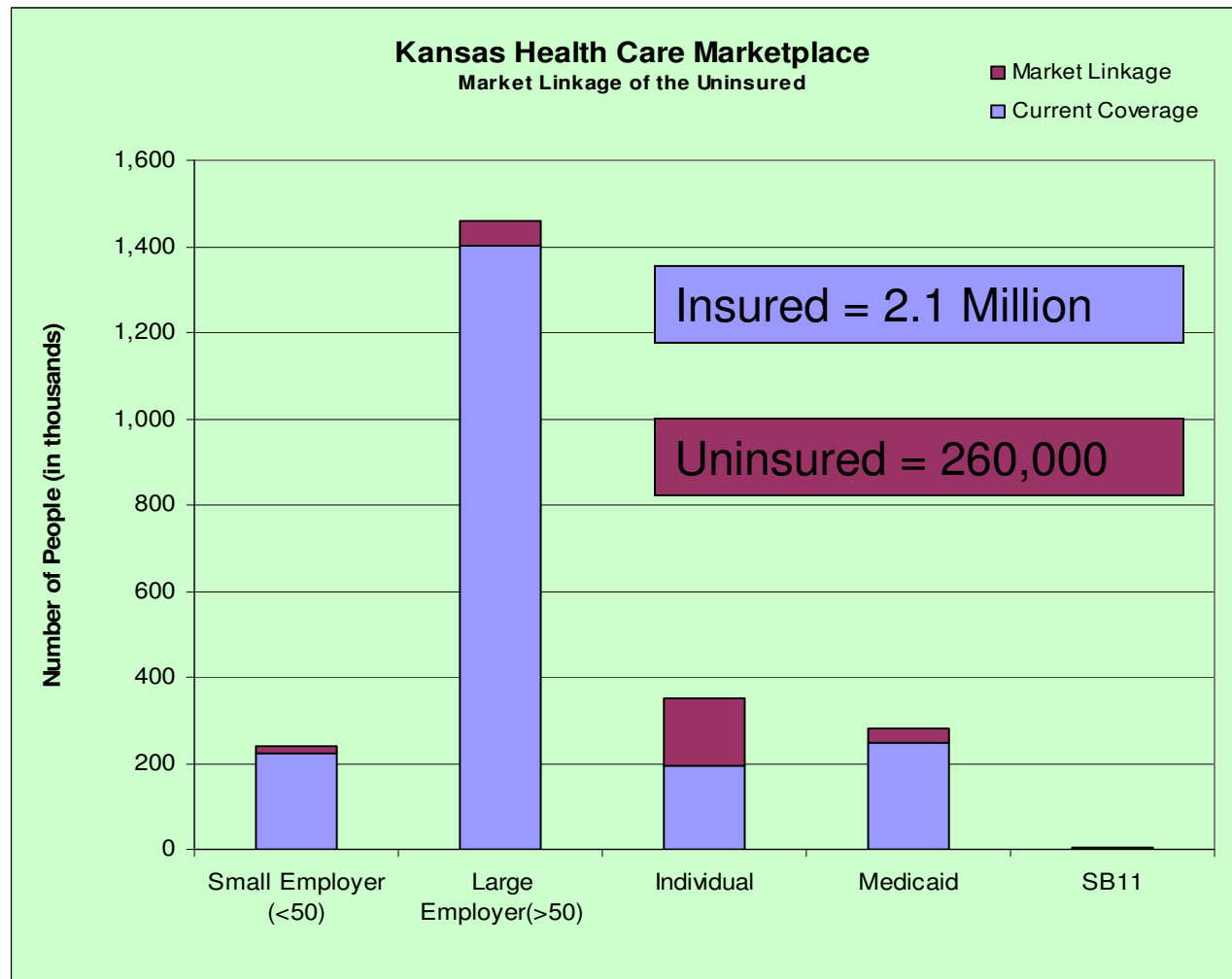
This project was developed with the financial support of the United Methodist Health Ministry Fund, Sunflower Foundation, Health Care for Kansans, the REACH Healthcare Foundation, and the Health Care Foundation of Greater Kansas City.

# Review Model Scenarios

<p style="text-align: center;"><b>Baseline</b></p> <ul style="list-style-type: none"> <li>Starting Point including SB11 Premium Assistance Program</li> </ul>	
<p style="text-align: center;"><b>VOLUNTARY</b></p> <ol style="list-style-type: none"> <li>Reference – Voluntary Waiver Expansion: <ul style="list-style-type: none"> <li>Children and Adult Expansion up to 250% FPL</li> </ul> </li> <li>Affordable Coverage – Voluntary Market Reform: <ul style="list-style-type: none"> <li>Individual/Small Group Reform</li> <li>Business Health Partnership</li> <li>Reinsurance</li> </ul> </li> </ol>	<p style="text-align: center;"><b>MANDATORY</b></p> <ol style="list-style-type: none"> <li>Universal Coverage – Mandatory Health Insurance: <ul style="list-style-type: none"> <li>Health Insurance Exchange</li> <li>Reinsurance</li> </ul> </li> <li>The Mountain – Mandatory Market Reform: <ul style="list-style-type: none"> <li>Single Payer Model</li> <li>State-set Plan Design</li> <li>State-Set Provider Reimbursement</li> </ul> </li> </ol>
<p style="text-align: center;"><b>SEQUENTIAL</b></p> <p style="text-align: center;">Multi-Part Health Insurance Reform</p> <ul style="list-style-type: none"> <li>SB11 Expansion to 150%</li> <li>Connector/Exchange</li> <li>Mandatory &lt;19 yr old Insurance</li> </ul>	

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# Approach and Structure of Model

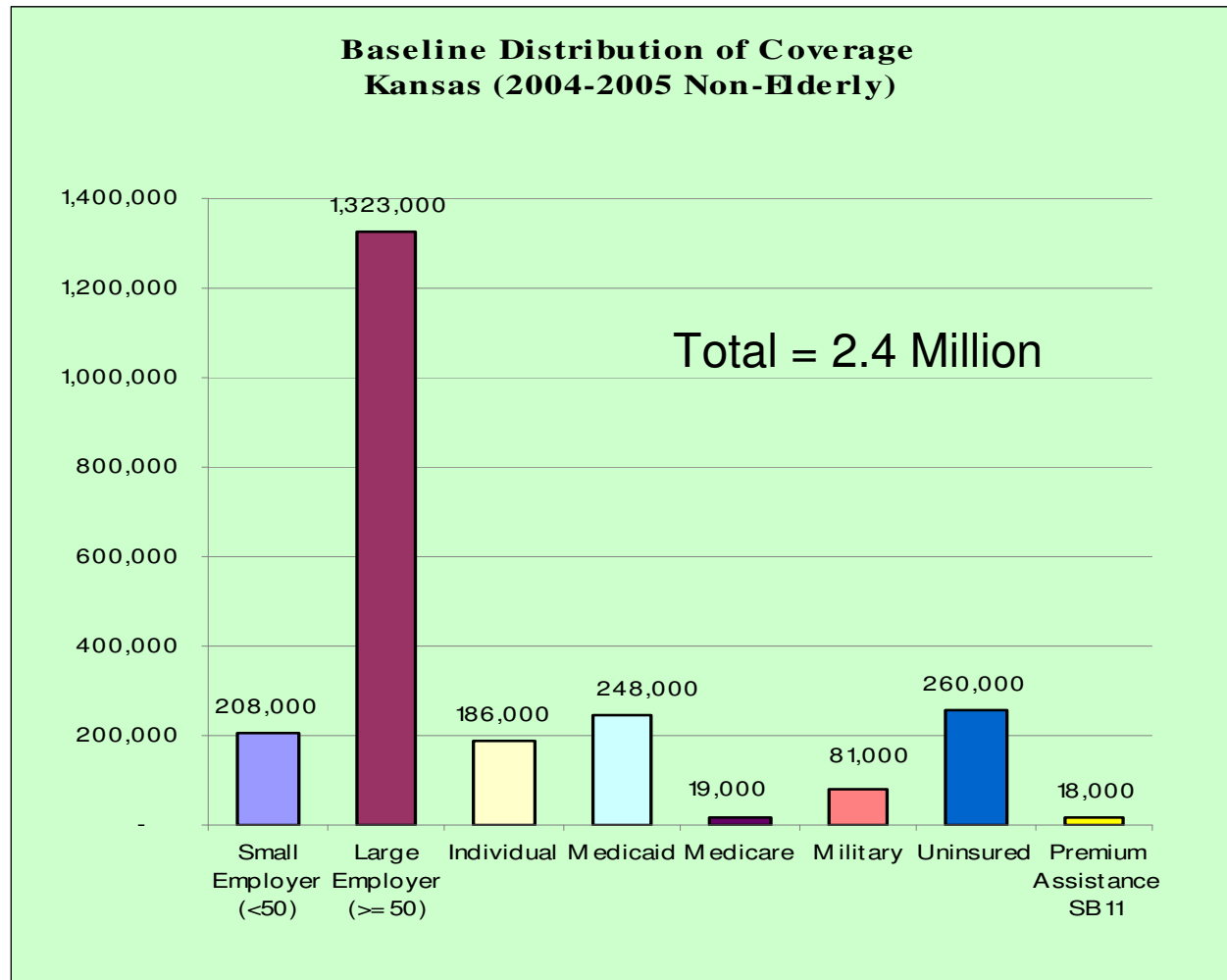


Note: Totals may not add due to rounding and adjustments for overlap

Source: CPS 2004/2005 Average

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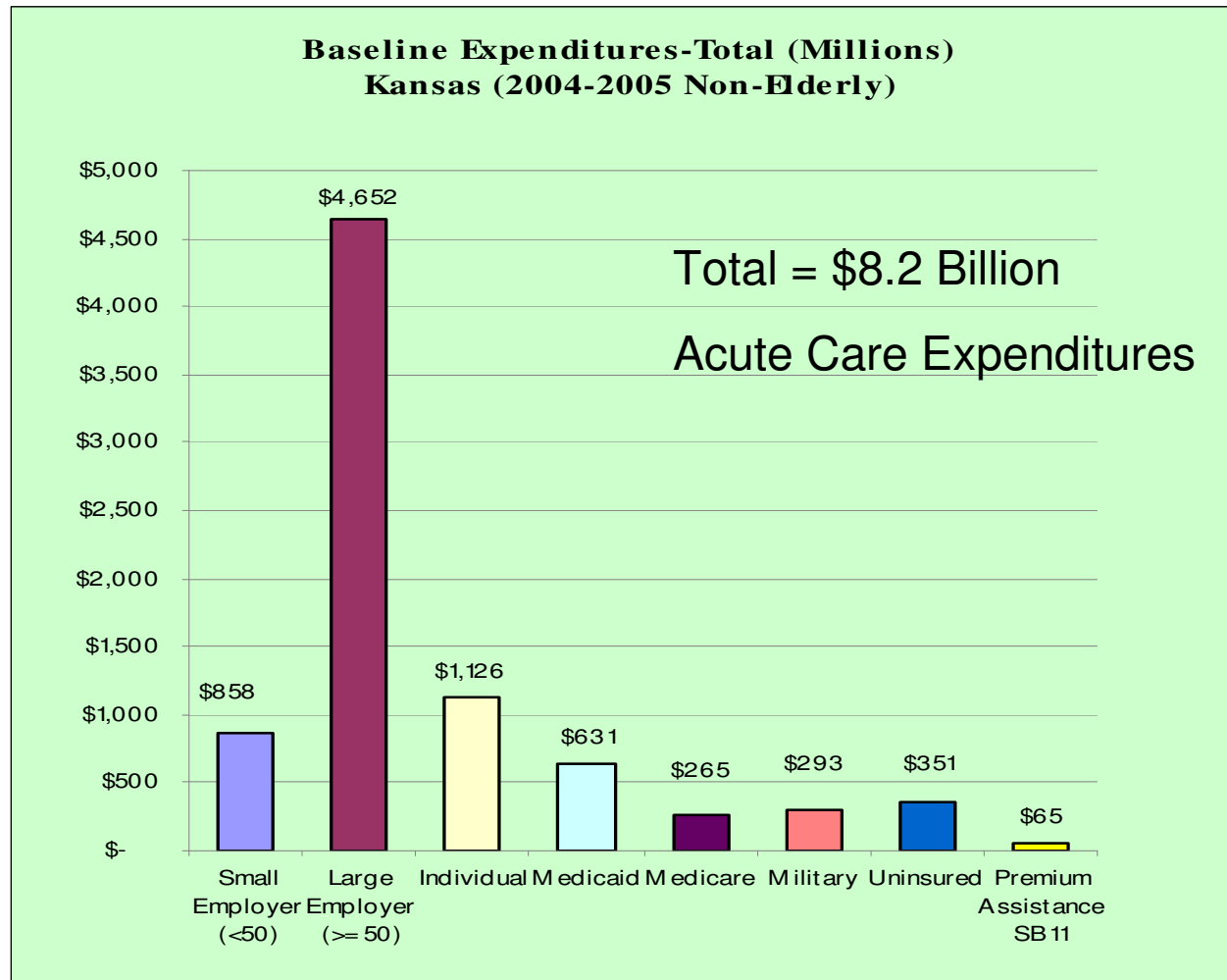
## Baseline – Current + SB 11



Source: CPS 2004/2005 Average

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# Baseline – Current + SB 11

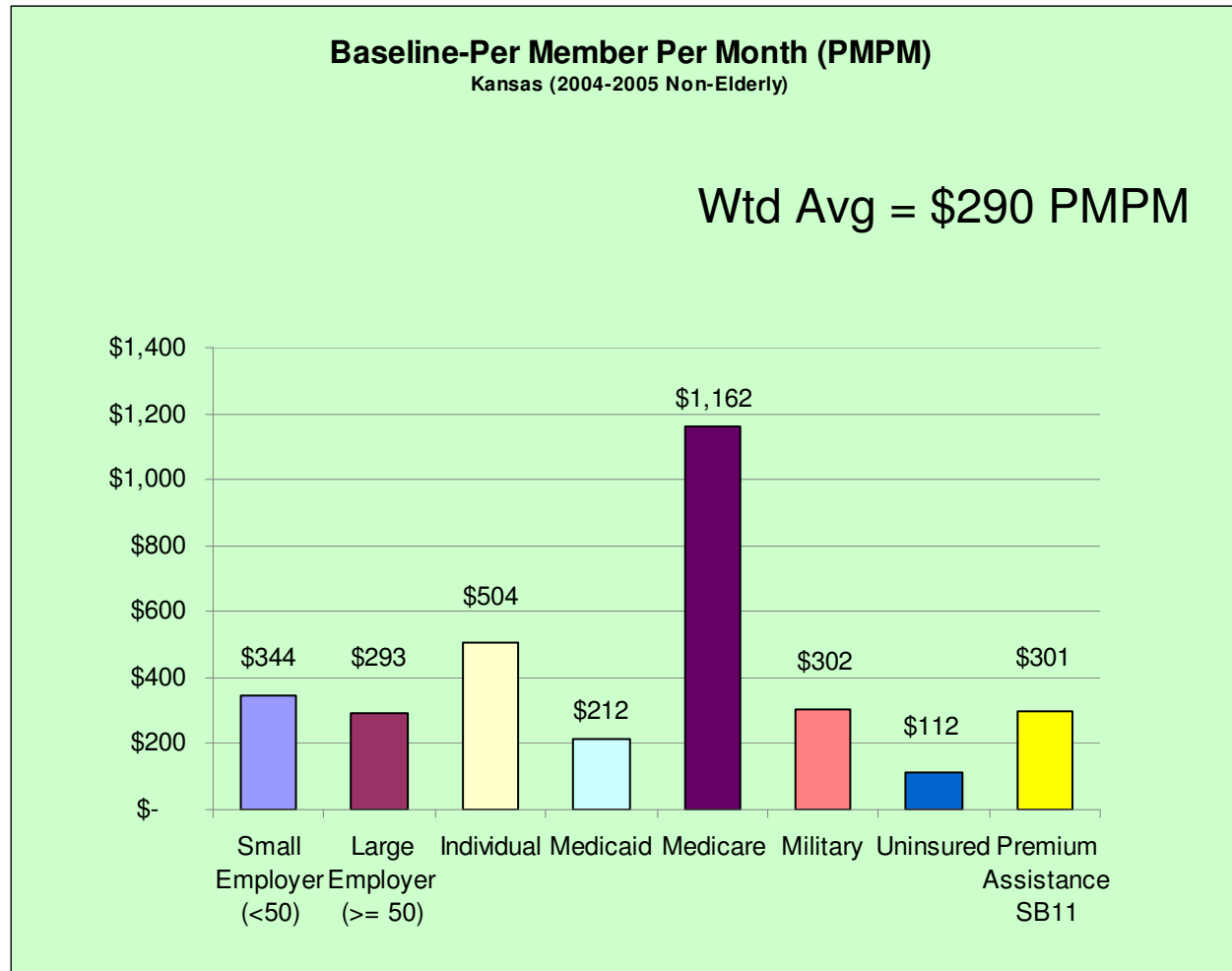


Source: srHS HCRTC Model

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# Baseline – Current + SB 11



Source: srHS HCRTC Model

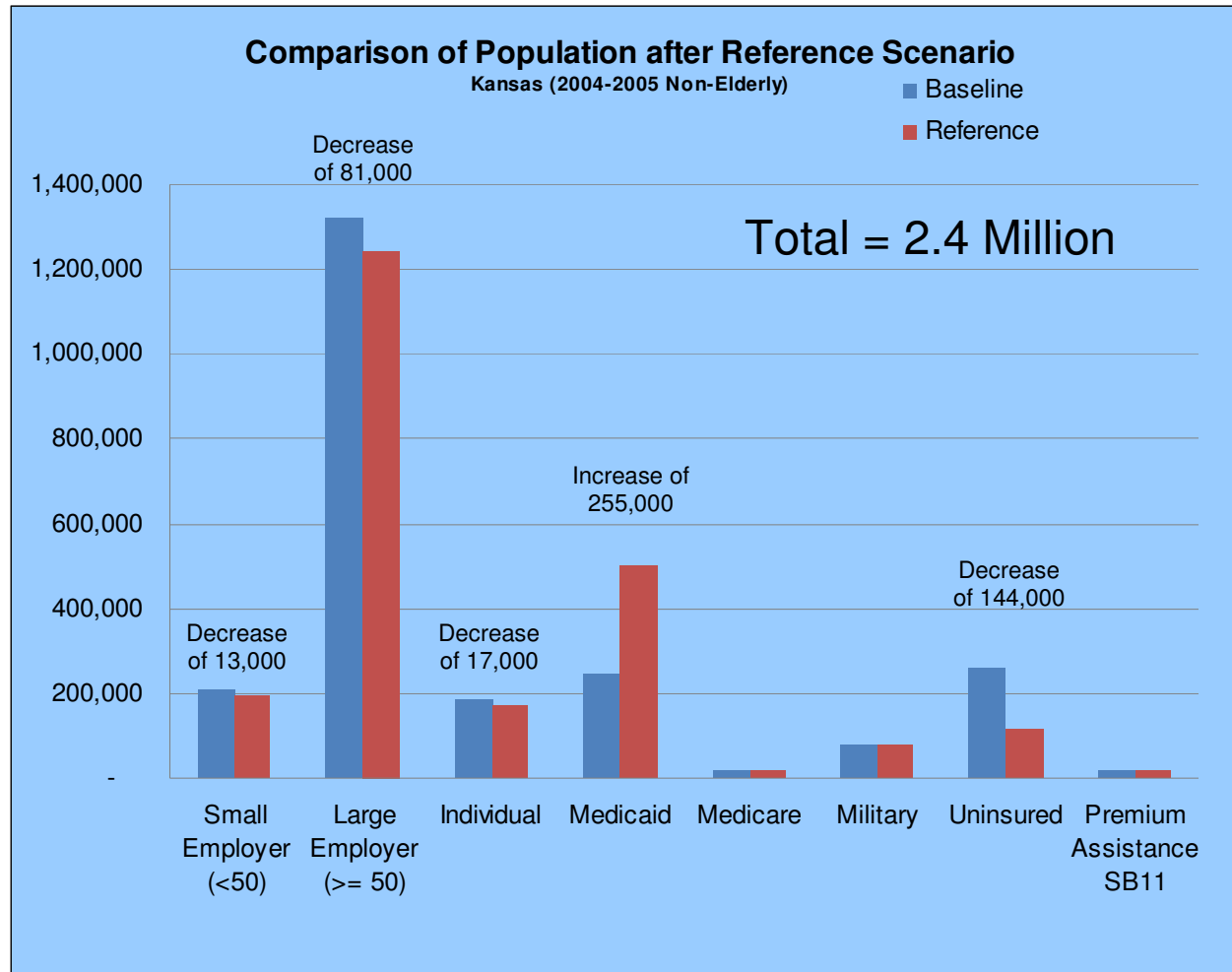
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## Reference (Voluntary)

Major Differentiator	
<ul style="list-style-type: none"> <li>Waiver Expansion: Expand Public Programs up to 250% FPL – Children/Adults &amp; Childless Adults</li> </ul>	
STRUCTURE	POLICY DECISIONS
1. Waiver Expansion: <ul style="list-style-type: none"> <li>Create SPA and/or Waiver for CMS approval and Federal \$'s</li> </ul>	1. Program Design: <ul style="list-style-type: none"> <li>Expand Public Programs</li> </ul> 2. Benefits: <ul style="list-style-type: none"> <li>Medicaid Benefit Package</li> </ul> 3. Service Delivery Network: <ul style="list-style-type: none"> <li>Medicaid Managed Care Program</li> </ul>
ISSUES	
<ul style="list-style-type: none"> <li>State Match &amp; Vehicle</li> <li>Federal Approval</li> <li>Crowd-Out</li> </ul>	

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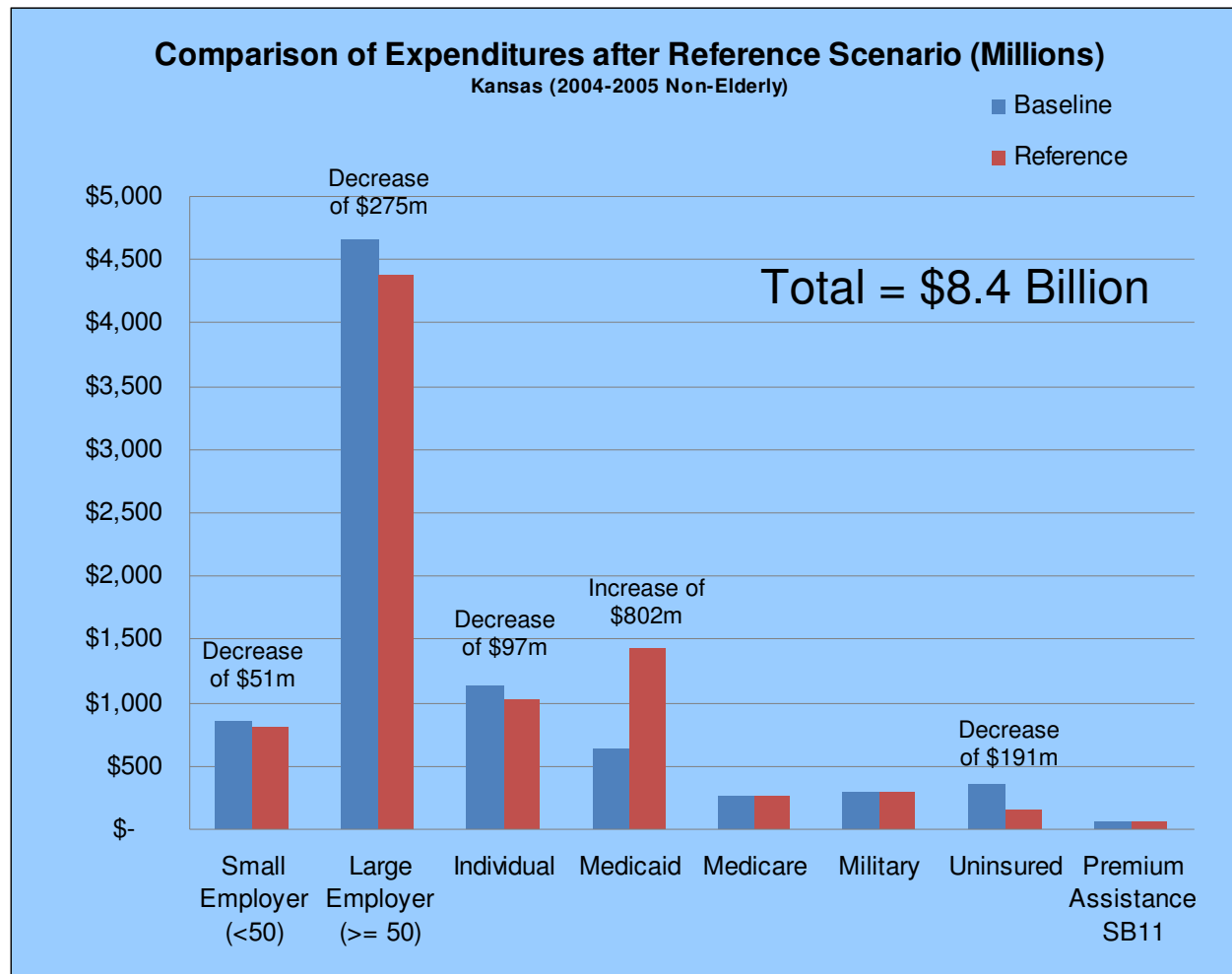
# Reference (Voluntary) – 250% FPL



Source: srHS HCRTC Model

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# Reference (Voluntary) – 250% FPL



Source: srHS HCRTC Model

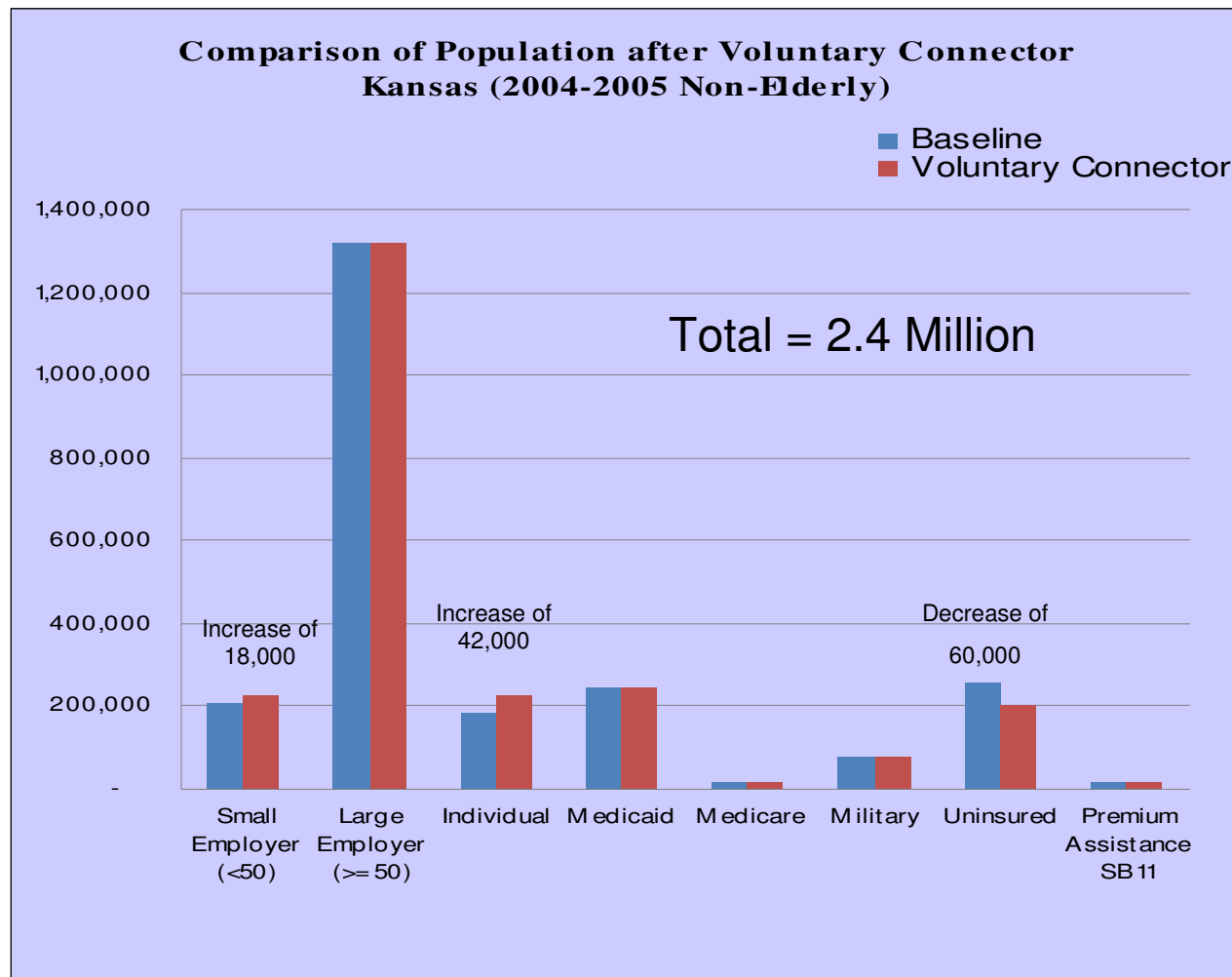
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# Affordable Coverage (Voluntary)

Major Differentiator	
<ul style="list-style-type: none"> <li>Individual/Small Group Market Reform – Merge &amp; Subsidize w/ Reinsurance Merged Market &lt;250% FPL</li> </ul>	
STRUCTURE	POLICY DECISIONS
<ol style="list-style-type: none"> <li>Merge Individual/Small Group Markets: <ul style="list-style-type: none"> <li>Require Community Rating and Guaranteed Issue</li> <li>Require access to Section 125</li> <li>Add Subsidized Reinsurance Program to Spread Risk</li> </ul> </li> <li>Market Clearinghouse – Business Health Partnership (BHP) for Combined Market: <ul style="list-style-type: none"> <li>Provide Seal of Approval to Products</li> <li>Provide Section 125 Assistance</li> </ul> </li> </ol>	<ol style="list-style-type: none"> <li>Program Design – Market Driven Reform: <ul style="list-style-type: none"> <li>Change Kansas Insurance Law</li> <li>Require Section 125 for All Employers</li> <li>Establish Reinsurance Program</li> <li>Determine Reinsurance Funding</li> <li>Determine State Subsidy for those with Income below 250% FPL</li> <li>Empower Business Health Partnership as Clearinghouse</li> </ul> </li> </ol>
ISSUES	
<ul style="list-style-type: none"> <li>KS Insurance Law</li> <li>Combined Market – Selection v. Level-Playing Field</li> <li>Role/Authority of BHP</li> </ul>	

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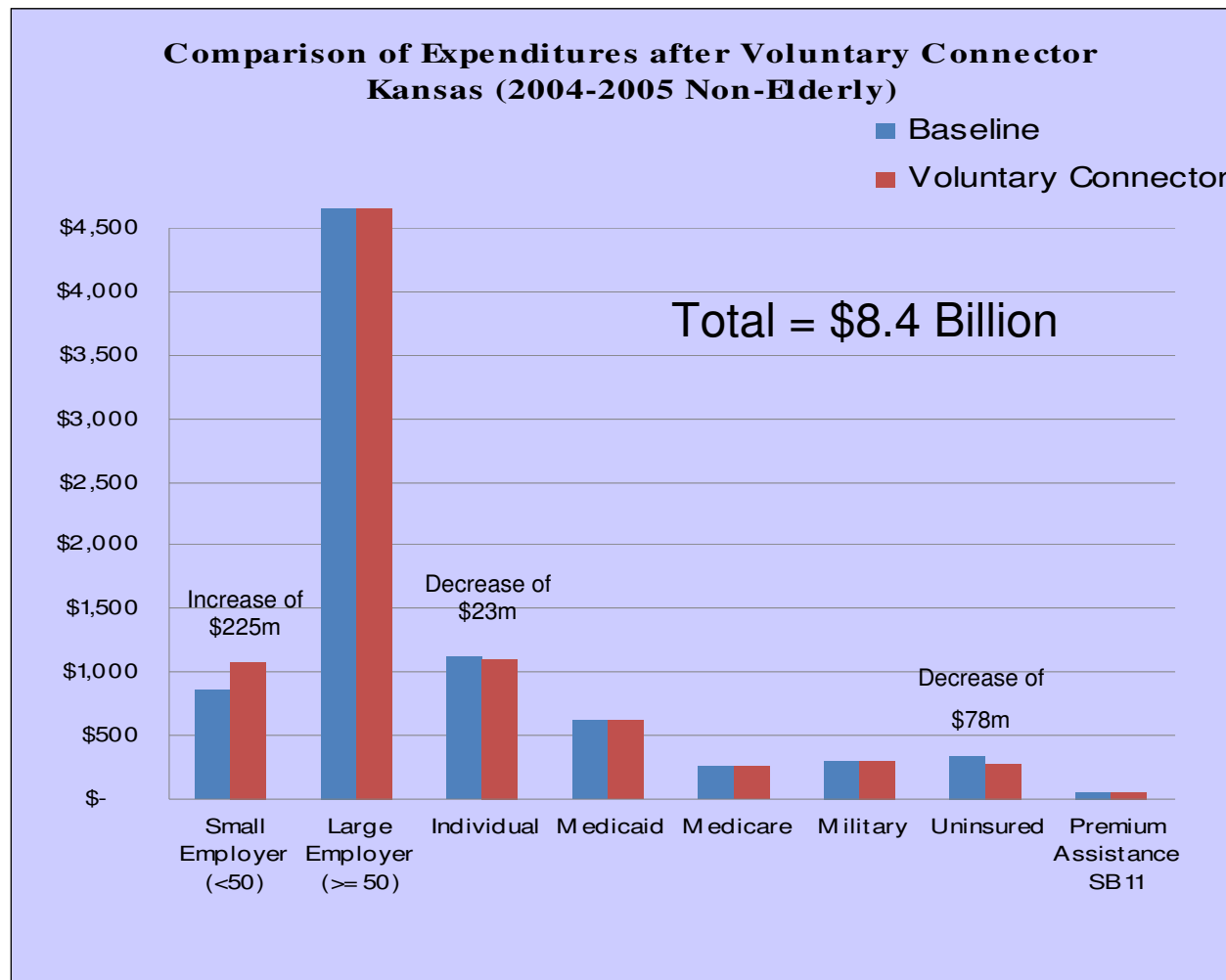
# Affordable Coverage (Voluntary)



Source: srHS HCRTC Model

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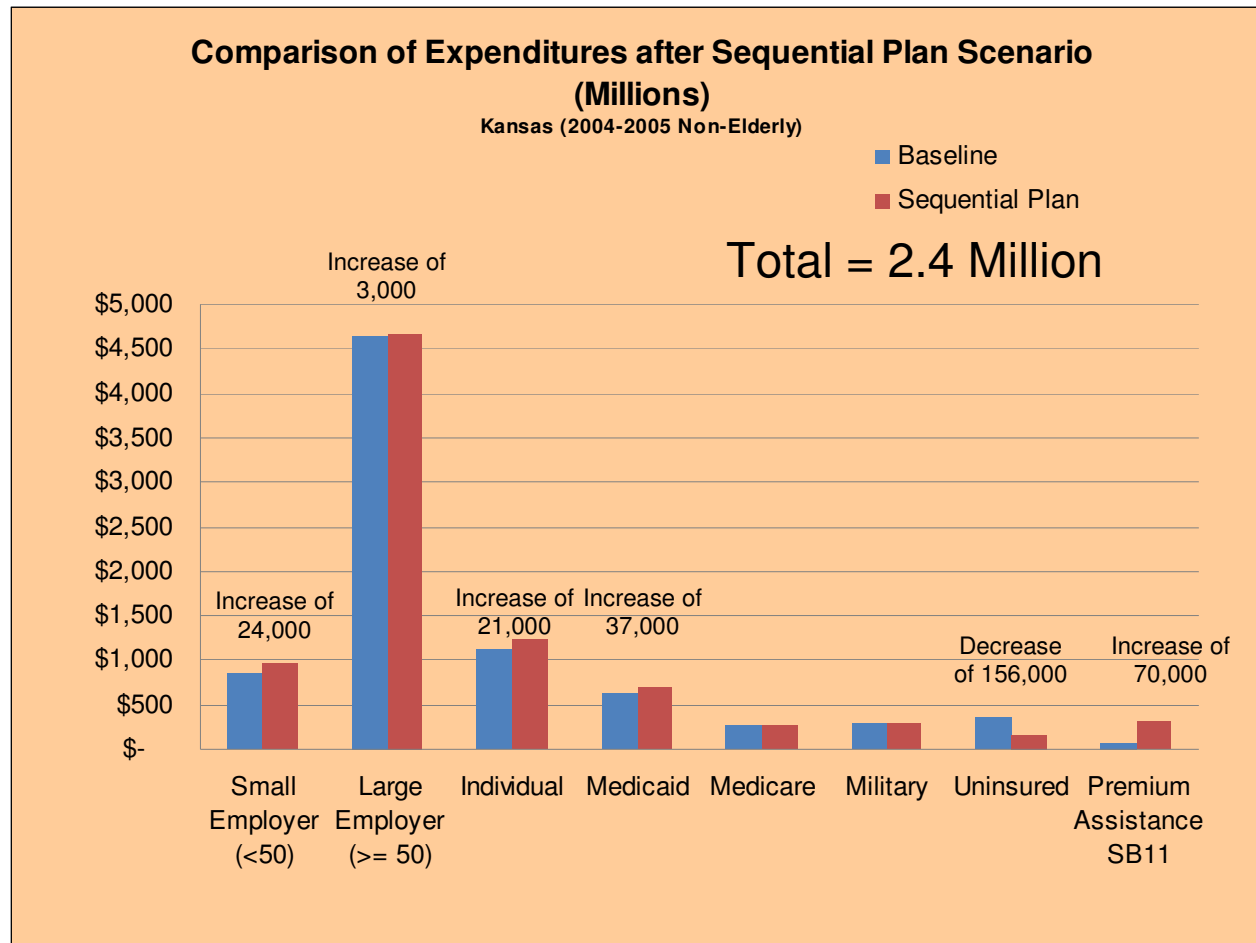
## Sequential (Mandatory & Voluntary)

Major Differentiator	
<ul style="list-style-type: none"> <li>3 Part Health Insurance Reform – Mandatory for Children, Expand SB11, and Connector/Exchange</li> </ul>	
STRUCTURE	POLICY DECISIONS
<ol style="list-style-type: none"> <li>Mandatory Health Insurance for Children: <ul style="list-style-type: none"> <li>To enroll in School, Children &lt; 19 yrs old must show proof of insurance</li> </ul> </li> <li>Expand SB 11 to 150% FPL</li> <li>Market Clearinghouse – Business Health Partnership for Small Group Market: <ul style="list-style-type: none"> <li>Allow Sole Prop's and Small Group</li> <li>Require access to Section 125</li> <li>Add Subsidized Reinsurance Program to Spread Risk for combined market</li> <li>Provide Seal of Approval to Products</li> <li>Maintain Go Bare Provision</li> </ul> </li> </ol>	<ol style="list-style-type: none"> <li>Program Design – Market Driven Reform: <ul style="list-style-type: none"> <li>Establish and Enforce Mandate on Children's Health Insurance</li> <li>Expand SCHIP to 250% FPL</li> <li>Expand SB11 to 150%</li> <li>Affordability &amp; Coverage Standards</li> <li>Change Kansas Insurance Laws</li> <li>Establish Reinsurance Program</li> <li>Determine Reinsurance Funding</li> <li>Subsidize Small Group/Sole Props &lt; 250% FPL</li> <li>Require Section 125</li> </ul> </li> </ol>
ISSUES	
<ul style="list-style-type: none"> <li>Children's Mandate</li> <li>Combined Market – Selection v. Level-Playing Field</li> <li>State Match/Vehicle</li> </ul>	

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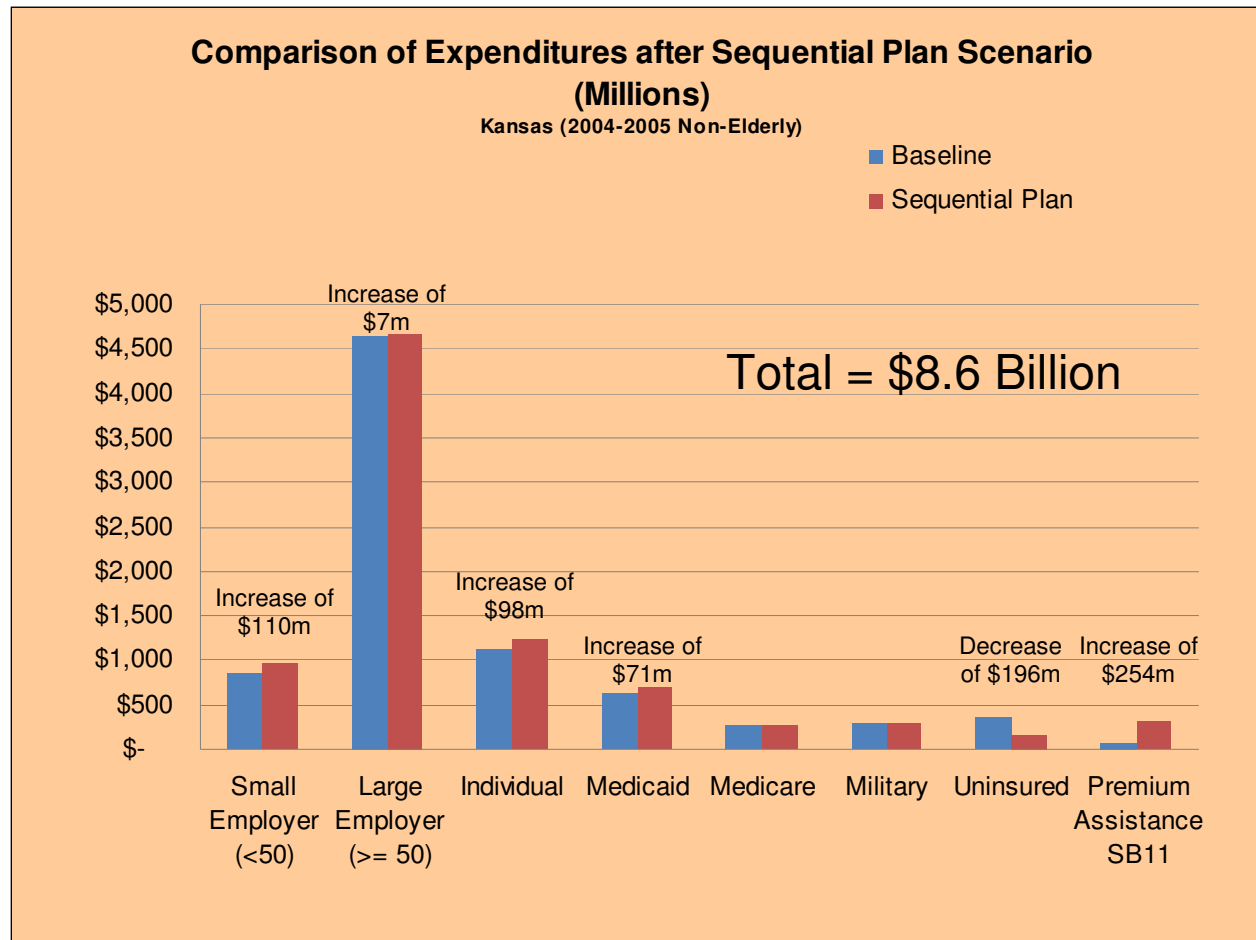
# Sequential (Mandatory & Voluntary)



Source: srHS HCRTC Model

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# Sequential (Mandatory & Voluntary)



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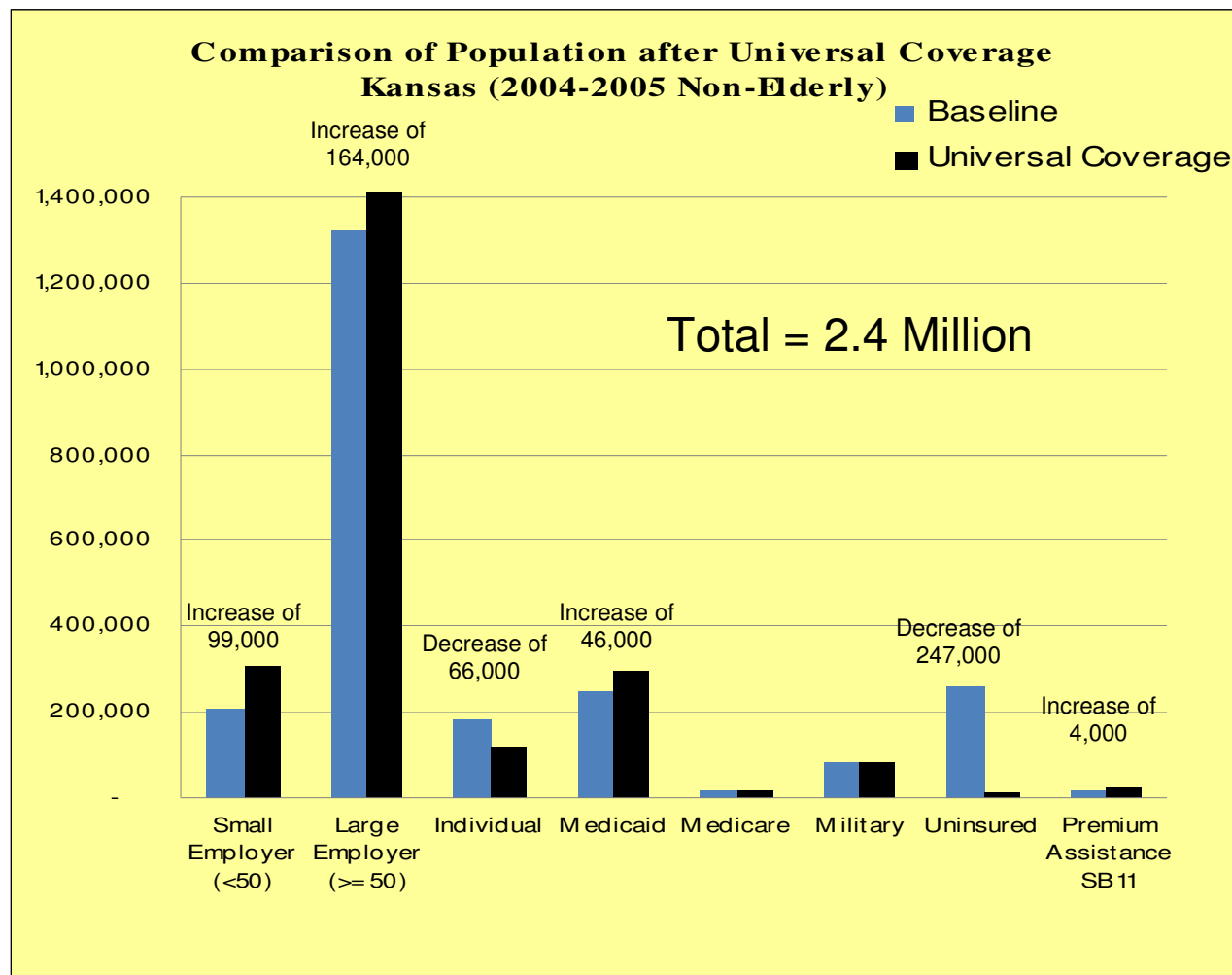
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# Universal Coverage (Mandatory)

Major Differentiator		
<ul style="list-style-type: none"><li>Mandate on Individuals and Employers for Health Insurance – Pay or Play Mandate for All Kansans</li></ul>		
STRUCTURE	POLICY DECISIONS	
<div>1. Existing Employer/Carrier Model:<ul style="list-style-type: none"><li>Mandate Individuals to Have and Employers to Offer Health Insurance</li><li>Require Section 125 through all Employers</li><li>Add Subsidized Reinsurance with Funds from Combined Carriers and State</li></ul></div> <div>2. Compliance/Exemption Process:<ul style="list-style-type: none"><li>Affordability Set at 10% of Income</li><li>Enforcement for Non-Compliance</li><li>Establish Religious Exemptions</li><li>Establish Income/Age Exemptions</li></ul></div>	<div>1. Program Design – Market Driven Reform:<ul style="list-style-type: none"><li>Establish and Enforce Individual and Employer Mandate</li><li>Change Kansas Insurance Law</li><li>Set Pay or Play Standards and Enforcement for Individuals and Businesses</li><li>Set Minimum Coverage Standards</li><li>Set Exemption Process</li><li>Establish Reinsurance</li><li>Determine Reinsurance Funding</li><li>Subsidize Individual/Small Group &lt; 250% FPL</li></ul></div>	
ISSUES		
<ul style="list-style-type: none"><li>Achieving a Mandate</li></ul>	<ul style="list-style-type: none"><li>ERISA and Federal Law</li></ul>	<ul style="list-style-type: none"><li>KHPA – Pay or Play Provisions</li></ul>

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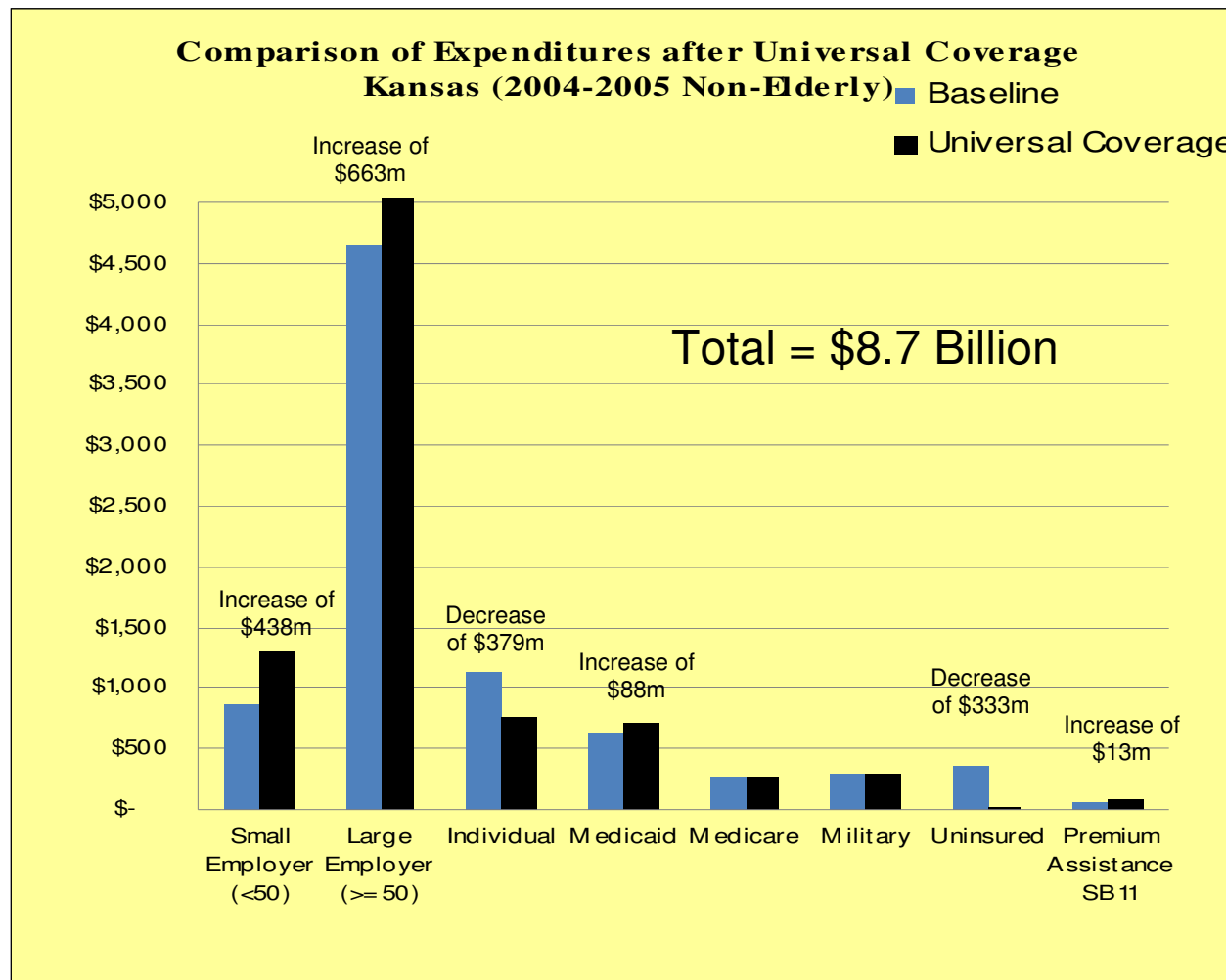
# Universal Coverage (Mandatory)



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Source: srHS HCRTC Model

# Universal Coverage (Mandatory)



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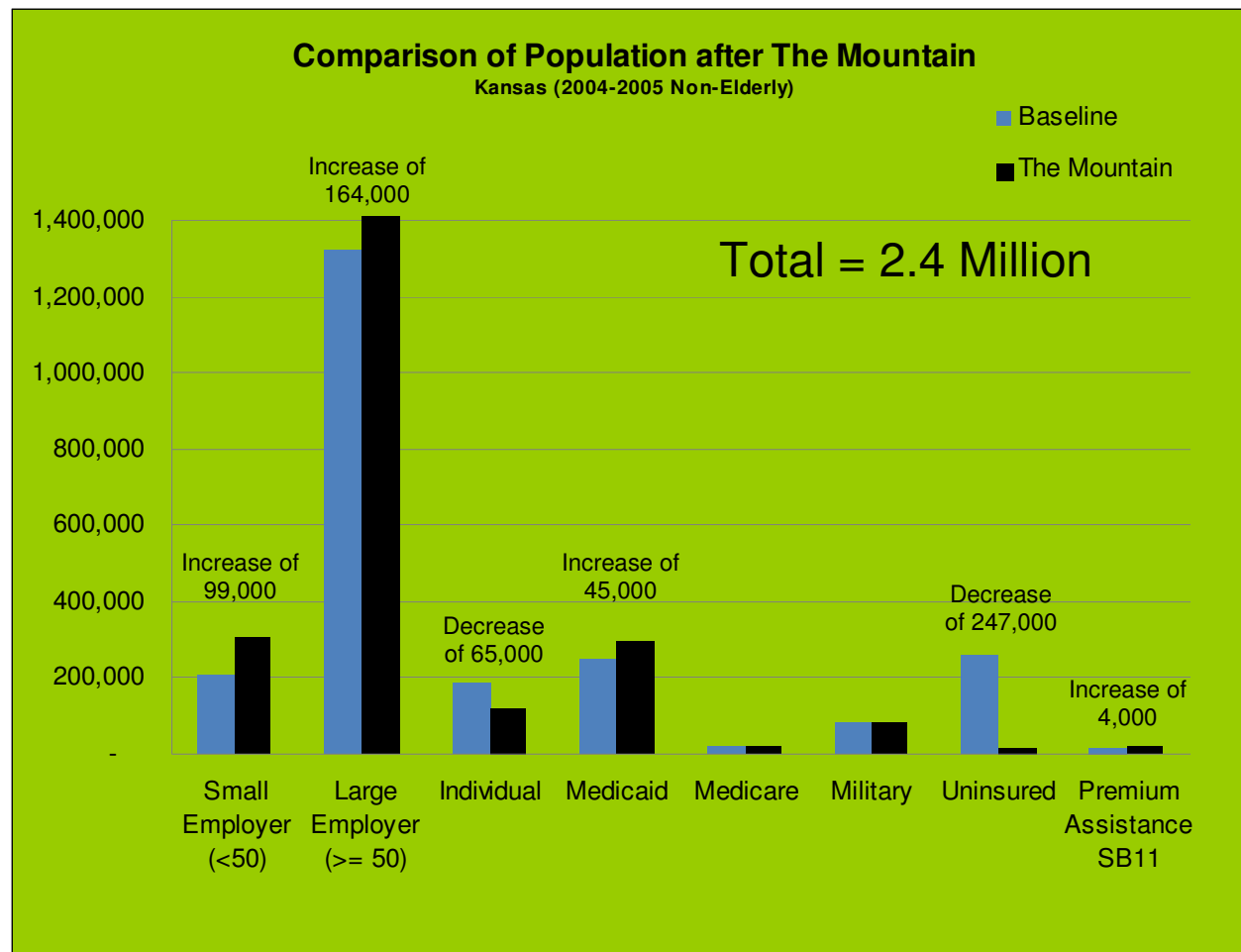
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# The Mountain (Mandatory) – Single Payer

Major Differentiator	
<ul style="list-style-type: none"> <li>Single Payer – All Kansans must receive Health Insurance through the Kansas Health Insurance Program</li> </ul>	
STRUCTURE	POLICY DECISIONS
<ol style="list-style-type: none"> <li>Market Maker – Single Payer: <ul style="list-style-type: none"> <li>Single Combined Health Care Market for All Kansans</li> <li>Require Community Rating</li> <li>Require Guaranteed Issue</li> <li>Capture Existing Funding Sources</li> </ul> </li> <li>Compliance/Exemption Process: <ul style="list-style-type: none"> <li>Affordability Set at 10% of Income</li> <li>Enforcement for Non-Compliance</li> <li>Establish Religious Exemptions</li> <li>Establish Income/Age Exemptions</li> </ul> </li> </ol>	<ol style="list-style-type: none"> <li>Program Design – State Driven Reform: <ul style="list-style-type: none"> <li>Establish Individual Mandate</li> <li>Change Kansas Insurance Law</li> <li>Elimination of Carriers</li> <li>State-Controlled Benefits</li> <li>State-Controlled Reimbursement</li> <li>Set Pay or Play Standards and Enforcement for Individuals</li> <li>Set Exemption Process</li> <li>Subsidize Individuals &lt; 250% FPL</li> <li>Amount of Program Administrative and Provider Administrative Savings</li> </ul> </li> </ol>
ISSUES	
<ul style="list-style-type: none"> <li>Achieving a Mandate</li> <li>ERISA and Federal Law</li> <li>State-Controlled Health Care Market</li> </ul>	

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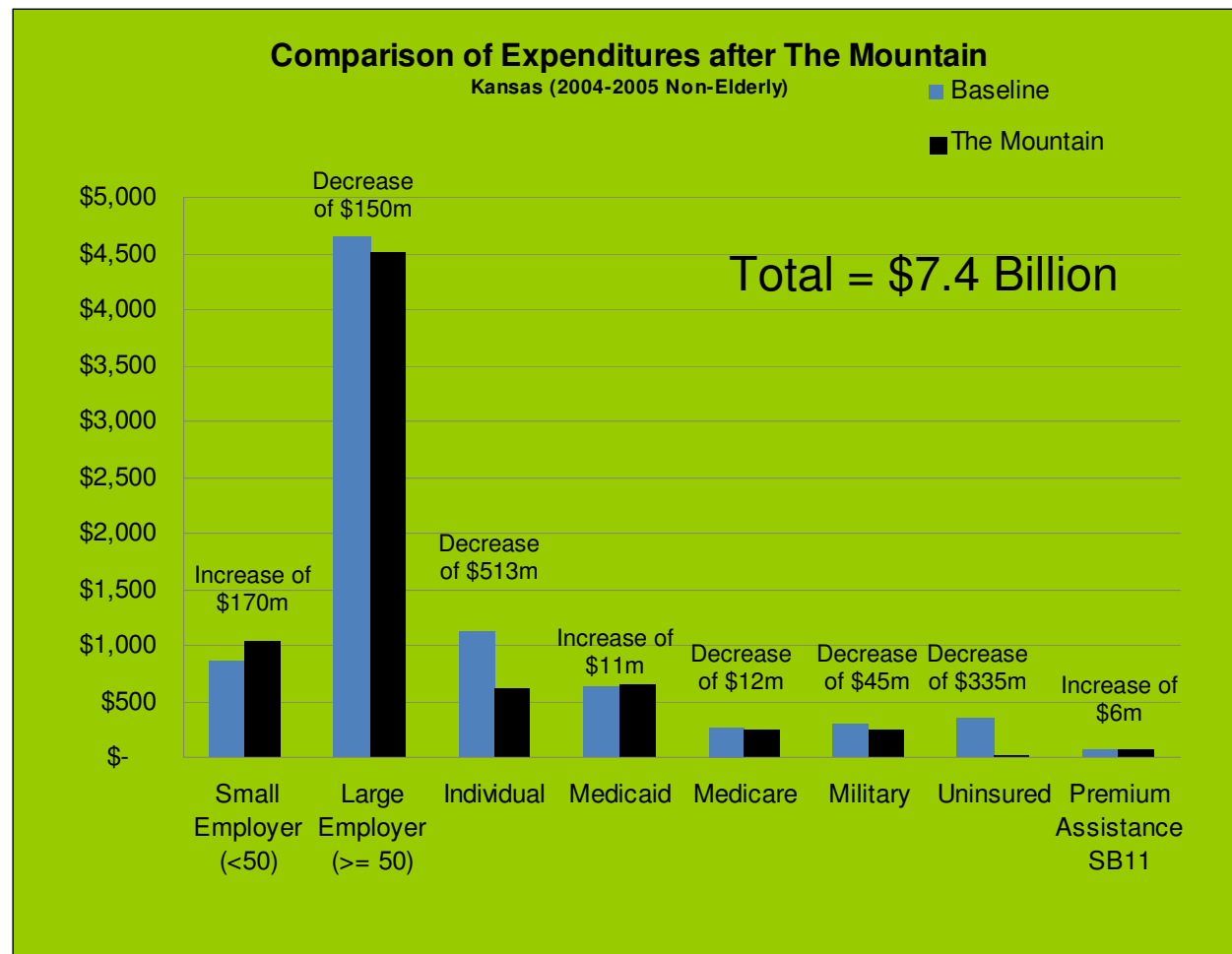
# Mountain (Mandatory) – Single Payer



Source: srHS HCRTC Model

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# Mountain (Mandatory) – Single Payer

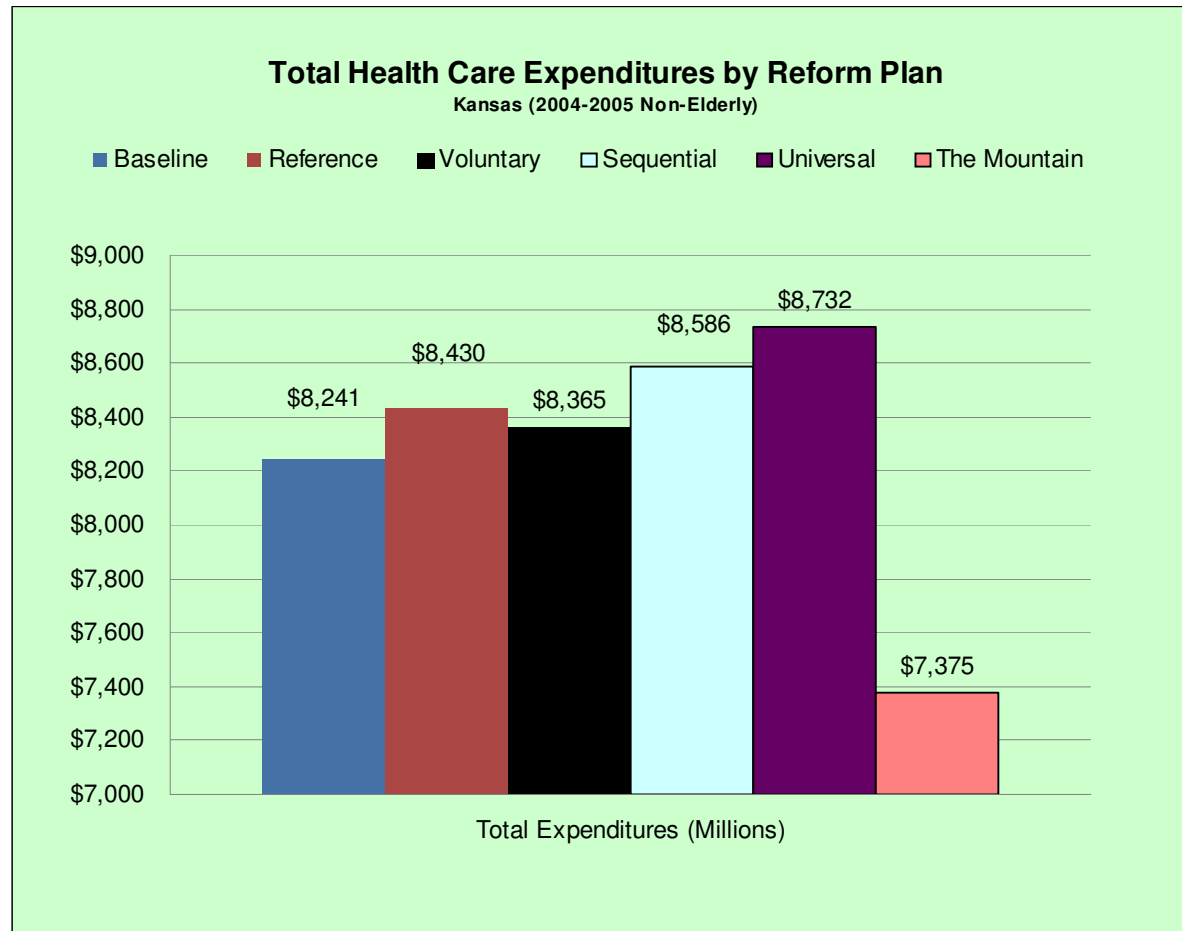


Source: srHS HCRTC Model

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# Summary of Total Dollars by Plan



Source: srHS HCRTC Model

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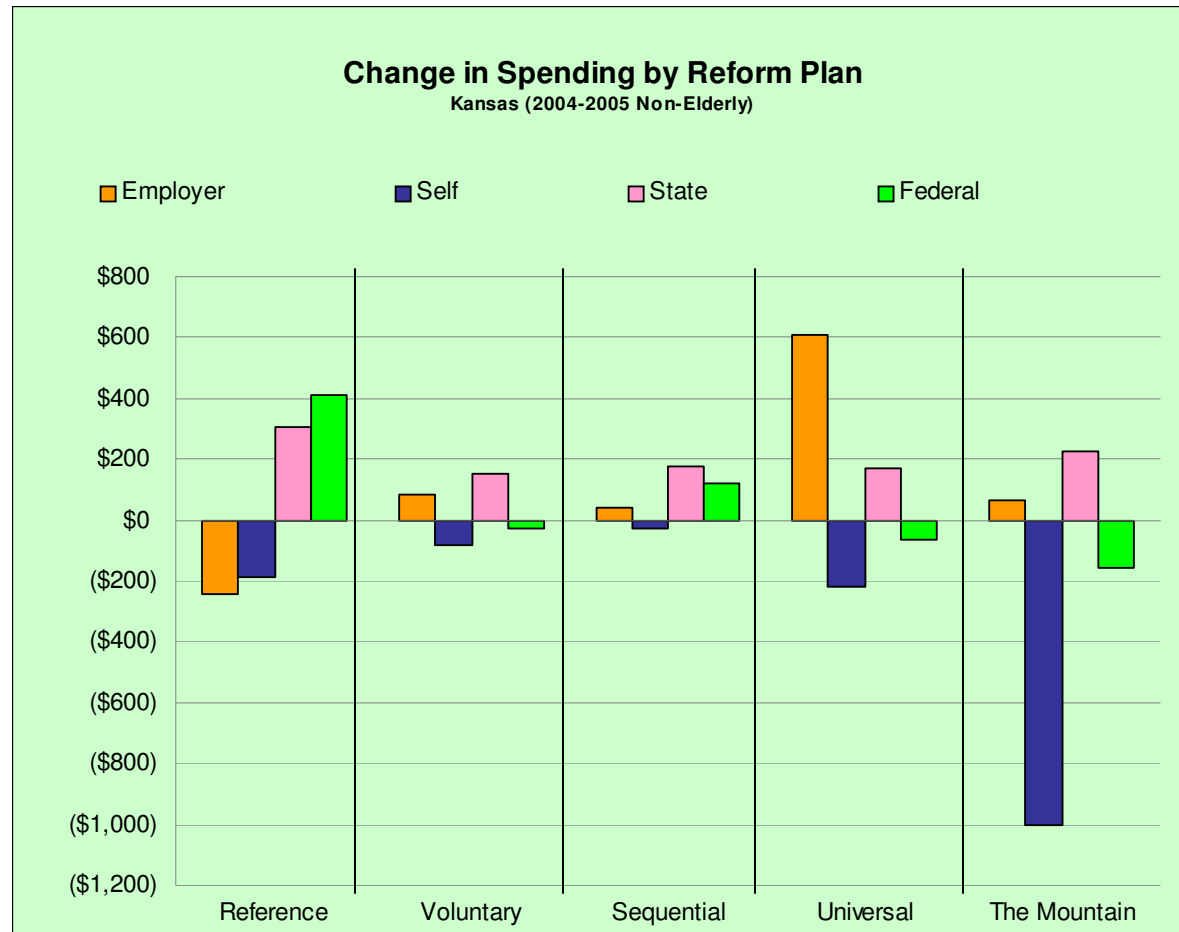
# Summary of Population Changes by Plan



Source: srHS HCRTC Model

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# Summary of Change in Spending by Plan



Source: srHS HCRTC Model

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## Next Steps

- Update Scenarios based on today's feedback from Board
- Finalize Scenarios for Legislative Report
  - Feedback from RWJ SCI Meeting in Chicago
- Finalize Report and Presentation for November 1<sup>st</sup> Legislative Oversight meeting